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automotive FLEET

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

Hertz Penske's New Thrust

'88 Incentives
Van Conversions
Small Fleet Management

automotive FLEET bp
CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

JULY 1987
VOL. 26, NO. 9

Influencing the management of 4,720,000 cars and 2,000,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets.

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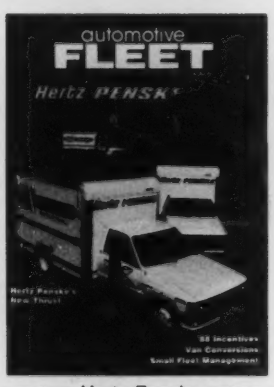

On the cover: Hertz Penske opens a new page in one-way rental with 250 Toyota trucks. Story, page 22.

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Used Car Prices Up By 7.4 Percent in 1986

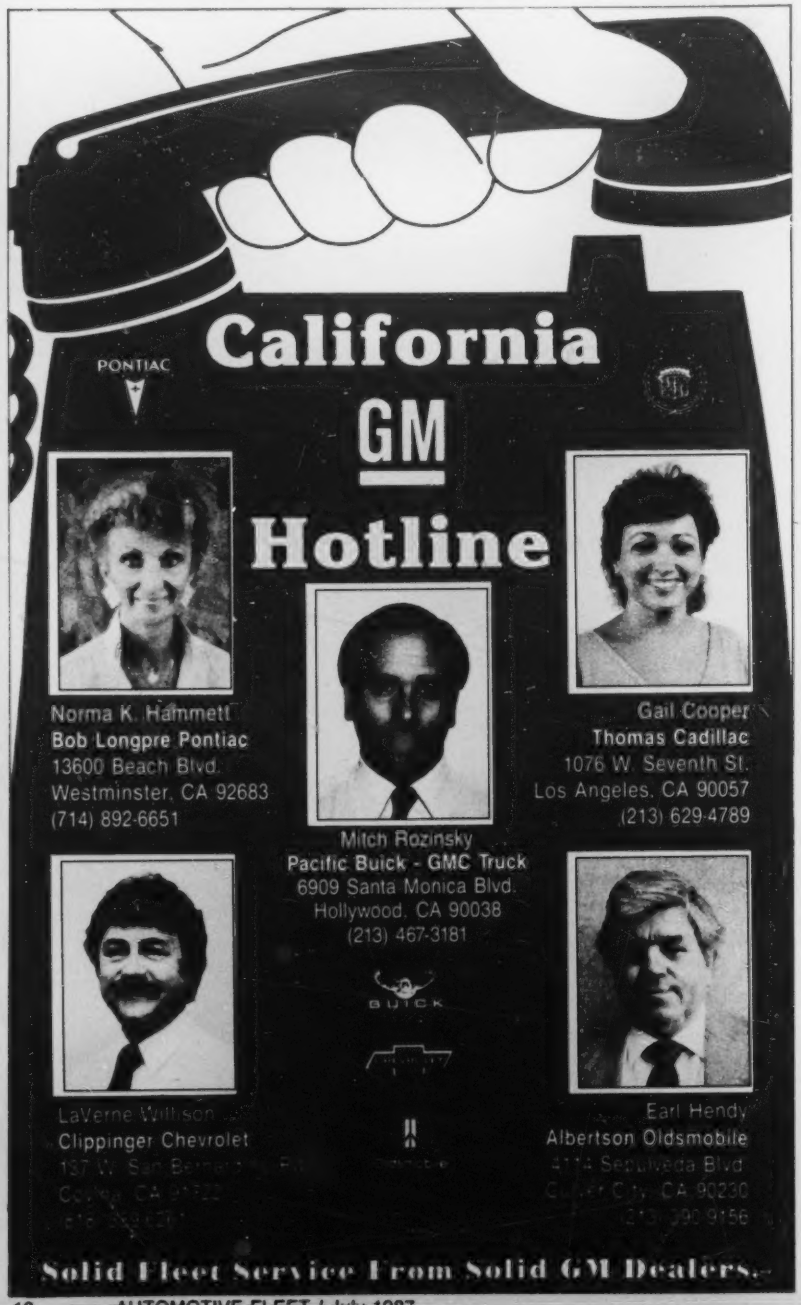
Used-car revenues rose to $96.4 billion in 1986, an increase of 11.4 percent over 1985's $86.5 billion figure, while purchase prices were up 7.4 percent, and used-car sales increased 3.7 percent over 1985 figures, according to the most recent Hertz Corp. annual poll. Motorists in the United States purchased about 16.5 million used cars, with an average age of 4.5 years, average mileage of 41,140, and average cost of $5,833, the study shows. Average age of used cars sold in 1986 was five weeks (two percent) less than in 1985.

Ownership and operating costs were also up slightly for used cars bought in 1986, rising 1.8 percent to 25.52 cents a mile from 25.07 cents in 1985 for a five-year-old compact to be driven five more years. Thus, used cars cost 47 percent less to own and operate than new cars in comparable use. A typical new 1986 compact cost 48.48 cents to own and drive the same mileage, an increase from 47.64 cents in 1985.

New car sales in 1986 totalled 11,139,842 units versus 10,888,600 sold in 1985, for an estimated aggregate value of $122.6 billion in 1986, compared to $110.7 billion in 1985. The average 1986 new car purchase price was $11,010, 89 percent higher than the $5,833 average used car price in 1985.

New and used car combined sales in 1986 totaled 27,660,000 units, up 3.8 percent from the 26,820,000 units sold in 1985, but 4.3 percent below the record 28,900,000 new and used cars sold in 1978. However, because of higher purchase prices, record revenues were set in 1986, with combined new and used car purchases aggregating $219 billion, or $7,918 per vehicle, an 11 percent increase over the 1985 aggregate of $197.2 billion, or $7,353 per unit. Used-car sales broke records in 1980, when 18.7 million sold for $70.8 billion ($3,794 per vehicle). The new-car record was set in 1973, with sales of 11.4 million for $41 billion ($3,596 per vehicle). The Hertz study reports 131,619,000 cars now operating in the U.S. About 45 percent of cars remain in service 10 years after they are built, but only five percent remain after 15 years. Each car has about three owners during its life, the study notes.

New car dealers sell the most used cars, with 45 percent of sales, while used-car-only outlets account for 11 percent of sales. The remaining 44 percent is attributable to direct sales to relatives, friends, neighbors or business associates (23 percent), and to strangers (21 percent).



Typical 1986 purchase prices of used compacts, depending on age and mileage, compared to new compact prices, ranged from 21 percent less expensive for a year-old car to 95 percent cheaper for a car nine years old. Savings on owning them and operating them ran from 18 to 58 percent.

1986 Ownership and Operating Costs of Typical New and Used Automobiles

(Compact Model Driven 10,000 Miles a Year for Varying Years)

ASSUMED CAR PURCHASE PRICE		1986 $10,439		$8,210		$6,121		$4,619
Age of Car When Purchased		NEW	1-YEAR OLD		2-YEARS OLD		3-YEARS OLD	
Years Car Driven	4	10	4	9	4	8	4	7
Depreciation	0.1879	0.1023	0.1518	0.0889	0.1153	0.0739	0.0893	0.0630
Ins., Lics. & Fees	0.1328	0.1159	0.0977	0.0536	0.0878	0.0536	0.0807	0.0540
Interest	0.0723	0.0374	0.0441	0.0196	0.0329	0.0165	0.0248	0.0142
Fixed Costs subtotal	0.3930	0.2556	0.2936	0.1621	0.2360	0.1440	0.1948	0.1312
Maintenance	0.0425	0.0552	0.0496	0.0582	0.0534	0.0596	0.0583	0.0613
Gasoline & Other Serv. Stn. Charges	0.0658	0.0663	0.0660	0.0664	0.0662	0.0661	0.0663	0.0665
Variable subtotal	0.1083	0.1215	0.1156	0.1246	0.1196	0.1257	0.1246	0.1278
TOTAL FIXED & VARIABLE COSTS	0.5013	0.3771	0.4092	0.2867	0.3556	0.2697	0.3194	0.2590

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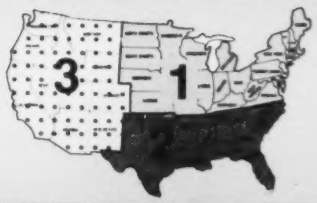
USED CARS

The following are average car prices ending June 3, 1987. Prices are based on wholesale activity at major dealers across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically in IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.



Model	Zone 1	Zone 2	Zone 3
85 AMC ALLIANCE			
Sdn 4 Dr L Series	3369	3404	3301
84 AMC ALLIANCE			
Sdn 4 Dr L Series	2663	2687	2610
85 AMC ENCORE			
Sdn 5-Dr S Series	3366	3400	3297
84 AMC ENCORE			
Sdn 5-Dr S Series	2669	2695	2614
85 BUICK SKYHAWK			
Cust Coupe	4441	4484	4354
Cust Sdn	4509	4553	4420
85 BUICK CENTURY			
Cust Sdn	5905	5966	5787
84 BUICK CENTURY			
Cust Sdn	4866	4912	4767
85 BUICK SKYLARK			
Cust Sdn	4389	4433	4302
84 BUICK SKYLARK			
Cust Sdn	3494	3531	3427
85 BUICK SOMERSET REGAL			
Coupe	6343	6407	6217
85 BUICK RIVIERA			
Coupe	10,425	10,530	10,217
84 BUICK RIVIERA			
Coupe	8695	8761	8523
85 BUICK LE SABRE			
Cust Sdn	7195	7267	7054
Cust Cpe	7195	7267	7054
85 CADILLAC DE VILLE			
Cpe	10,815	10,922	10,599
Sdn	10,815	10,922	10,599
84 CADILLAC DE VILLE			
Cpe	8251	8333	8087
Sdn	8193	8278	8032
85 CADILLAC SEVILLE			
Sdn	15,032	15,181	14,732
84 CADILLAC SEVILLE			
Sdn	12,511	12,636	12,261
85 CHEVY CHEVETTE			
Htchbk 4 Dr	3074	3103	3013
84 CHEVY CHEVETTE			
Htchbk 4 Dr	2403	2425	2353
85 CHEVY CAMARO			
Cpe	6513	6580	6386
84 CHEVY CAMARO			
Cpe	5500	5554	5390
85 CHEVY CAVALIER			
Sdn	4312	4356	4225
84 CHEVY CAVALIER			
Sdn	3487	3521	3417
85 CHEVY CELEBRITY			
Sdn	5379	5432	5274
84 CHEVY CELEBRITY			
Sdn	4169	4211	4088
85 CHEVY CAPRICE			
Sdn	6768	6834	6632
84 CHEVY CAPRICE			
Sdn	5418	5473	5312
85 CHRYSLER LE BARON			
Cpe	5497	5552	5387
Sdn	5534	5589	5424
84 CHRYSLER LE BARON			
Cpe	4362	4405	4273
Sdn	4362	4405	4273
85 CHRYSLER FIFTH AVENUE			
Sdn	8501	8586	8329
84 CHRYSLER FIFTH AVENUE			
Sdn	7182	7255	7039
85 DODGE OMNI			
Htchbk 4 Dr	3440	3474	3372
84 DODGE OMNI			
Htchbk 4 Dr	2742	2769	2688
85 DODGE ARIES			
Sdn	4116	4159	4035
84 DODGE ARIES			
Sdn	3048	3079	2989
85 DODGE DIPLOMAT			
Sln Sdn	4680	4725	4588
84 DODGE DIPLOMAT			
Sln Sdn	3606	3640	3533
85 DODGE LANCER			
Sdn	5574	5630	5462
85 DODGE 600			
Sdn	5206	5257	5103
84 DODGE 600			
Sdn	3833	3870	3755
85 FORD ESCORT			
Htchbk 4 Dr L Series	3572	3608	3501
84 FORD ESCORT			
Htchbk 4 Dr L Series	2848	2878	2795
85 FORD MUSTANG			
LX-4 Cpe	5099	5150	4997
84 FORD MUSTANG			
L-4 Cpe	4148	4190	4066
85 FORD TEMPO			
GL Sdn 2 Dr	4264	4308	4180
GL Sdn 4 Dr	4336	4381	4248
84 FORD TEMPO			
L Sdn 2 Dr	2866	2894	2809
L Sdn 4 Dr	2921	2950	2862
85 FORD LTD			
Sdn	4637	4684	4544
84 FORD LTD			
Sdn	3443	3478	3377
85 FORD CROWN VIC			
Sdn	7711	7785	7557
84 FORD CROWN VIC			
Sdn	6215	6278	6091
85 FORD THUNDERBIRD			
Cpe	6610	6676	6478
84 FORD THUNDERBIRD			
Cpe	5464	5518	5355
85 LINCOLN CONTINENTAL			
Sdn	13,423	13,560	13,156
Town Car Sdn	12,120	12,244	11,879
Mark VII Cpe	16,364	16,526	16,034
84 LINCOLN CONTINENTAL			
Sdn	10,170	10,271	9965
Town Car Sdn	9003	9091	8823
Mark VII Cpe	9837	9937	9641
85 MERCURY LYNX			
Htchbk 2 Dr	3395	3428	3325
84 MERCURY LYNX			
Htchbk 2 Dr	2708	2733	2650
85 MERCURY COUGAR			
Cpe LS	7316	7387	7168
84 MERCURY COUGAR			
Cpe LS	6064	6125	5943
85 MERCURY TOPAZ			
GS Sdn 4 Dr	4476	4520	4387
84 MERCURY TOPAZ			
GS Sdn 4 Dr	3474	3509	3405
85 MERCURY MARQUIS			
Sdn	4688	4735	4596
84 MERCURY MARQUIS			
Sdn	3491	3525	3419
85 MERCURY GRAND MARQUIS			
Sdn	8116	8197	7954
84 MERCURY GRAND MARQUIS			
Sdn	6557	6622	6426
85 OLDS FIRENZA			
Sdn	4484	4531	4398
84 OLDS FIRENZA			
Sdn	3830	3868	3753
85 OLDS CIERA			
LS Coupe	5825	5884	5710
LS Sdn	5899	5960	5781
84 OLDS CIERA			
LS Cpe	4818	4869	4722
LS Sdn	4876	4924	4778
85 OLDS CALAIS			
Cpe	6268	6330	6141
85 OLDS CUTLASS SUPREME			
Cpe	6509	6576	6382
Sdn	6348	6410	6219
84 OLDS CUTLASS SUPREME			
Cpe	5403	5457	5295
Sdn	5261	5316	5156
85 OLDS 98			
Rgcy Sdn	8763	8850	8587
84 OLDS 98			
Rgcy Sdn	7487	7564	7340
85 PLYMOUTH HORIZON			
Htchbk 4 Dr	3436	3470	3369
84 PLYMOUTH HORIZON			
Htchbk 4 Dr	2762	2789	2708
85 PLYMOUTH RELIANT			
Sdn	4116	4160	4035
84 PLYMOUTH RELIANT			
Sdn	3036	3066	2977
85 PLYMOUTH CARAVELLE			
SE Sdn	5033	5082	4932
85 PLYMOUTH GRAN FURY			
Salon Sdn	4763	4808	4669
84 PLYMOUTH GRAN FURY			
Salon Sdn	3695	3732	3620
85 PONTIAC T-1000			
Sdn	3137	3168	3074
84 PONTIAC T-1000			
Sdn	2561	2588	2510
85 PONTIAC SUNBIRD			
Sdn	4488	4534	4400
84 PONTIAC SUNBIRD			
Sdn	3673	3711	3602
85 PONTIAC 6000			
Sdn	5639	5696	5528
84 PONTIAC 6000			
Sdn	4455	4499	4366
85 PONTIAC GRAND AM			
Cpe	6216	6279	6092
85 PONTIAC FIREBIRD			
Cpe	6592	6655	6458
84 PONTIAC FIREBIRD			
Cpe	5531	5590	5422
85 PONTIAC BONNEVILLE			
Sdn	5892	5953	5774
84 PONTIAC BONNEVILLE			
Sdn	4732	4779	4641
85 PONTIAC GRAND PRIX			
Cpe	6414	6479	6287
84 PONTIAC GRAND PRIX			
Cpe	5319	5374	5212
85 PONTIAC PARISIENNE			
Sdn	6917	6983	6776
84 PONTIAC PARISIENNE			
Sdn	5565	5618	5450
85 NISSAN SENTRA			
Dlx Sdn 4 Dr	4195	4238	4113
85 NISSAN STANZA			
XE Htchbk 4 Dr	5305	5358	5198
85 NISSAN MAXIMA			
SE Sdn	8855	8944	8678
84 NISSAN SENTRA			
Dlx Sdn 4 Dr	3321	3356	3255
84 NISSAN STANZA			
XE Htchbk 4 Dr	4229	4273	4145
84 NISSAN MAXIMA			
GL Sdn	6939	7009	6801
85 TOYOTA COROLLA			
Sdn 4 Dr Dlx	5199	5251	5095
85 TOYOTA CAMRY			
Sdn 4 Dr Dlx	6957	7027	6817
85 TOYOTA CRESSIDA			
Sdn	9794	9891	9599
84 TOYOTA COROLLA			
Sdn 4 Dr Dlx	4091	4132	4010
84 TOYOTA CAMRY			
Sdn	5714	5772	5600
84 TOYOTA CRESSIDA			
Sdn	7872	7953	7716
85 VOLKSWAGEN JETTA			
Sdn 4 Dr	6048	6108	5926
84 VOLKSWAGEN JETTA			
Sdn 4 Dr	4524	4569	4433

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Oakland, CA	148.9	93.9
New London, CT	104.4	99.9
Dover, DE	106.9	88.4
Ft. Myers, FL	118.4	91.9
Chicago, IL	133.7	100.3
Minneapolis, MN	135.5	100.2
Santa Fe, NM	121.4	99.9
Niagara Falls, NY	108.9	87.9
Lancaster, PA	120.9	94.4
Houston, TX	129.2	86.3
Yakima, WA	159.9	95.9
Riverton, WY	97.4	83.9

Survey conducted during the first five working days of June 1987.
Supplied by Runzheimer International, Runzheimer Park, Rochester, WI.